

**UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS**

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**ANNE BRUMBAUGH, GARY L. HARMON and  
RANDY K. GRIFFIN,**

**Plaintiffs,**

**v.**

**WAVE SYSTEMS CORPORATION, STEVEN K.  
SPRAGUE and GERARD T. FEENEY,**

**Defendants.**

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**CIVIL ACTION  
NO. 04-30022-MAP**

**SUMMARY NOTICE OF PENDENCY AND  
PROPOSED SETTLEMENT OF CLASS ACTION**

**TO:** ALL PERSONS WHO PURCHASED OR OTHERWISE ACQUIRED WAVE SYSTEMS CORPORATION COMMON STOCK FROM JULY 31, 2003 THROUGH DECEMBER 18, 2003, INCLUSIVE (THE "CLASS");

YOU ARE HEREBY NOTIFIED that the above-captioned action has been certified as a class action for certain purposes and that a Settlement for One Million Seven Hundred Fifty Thousand Dollars (\$1,750,000) has been proposed. A hearing will be held before the Honorable Michael A. Ponsor in the United States District Court for the District of Massachusetts, Springfield Division, 1550 Main Street, Room 2, Springfield, MA at \_\_\_\_:\_\_\_\_ \_\_.m., on \_\_\_\_\_, 2006 to determine whether: (1) the proposed Settlement should be approved by the Court as fair, reasonable and adequate; (2) the Plan of Allocation should be approved by the Court as fair, reasonable and adequate; (3) Lead Counsel's application for an award of attorneys' fees and reimbursement of expenses should be approved; (4) Lead Plaintiffs should be

reimbursed for their reasonable time and expenses (including lost wages) in the litigation; and (5) the case should be dismissed with prejudice.

IF YOU ARE A MEMBER OF THE CLASS DESCRIBED ABOVE, YOUR RIGHTS WILL BE AFFECTED AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT FUND. If you have not yet received the full printed Notice of Proposed Settlement of Class Action, Motion for Attorneys' Fees and Settlement Fairness Hearing (the "Notice") and a Proof of Claim and Release form ("Proof of Claim"), you may obtain copies of these documents by contacting:

Wave Systems Corp. Securities Litigation Settlement  
c/o Garden City Group  
P.O. Box 9000 #6472  
Merrick, NY 11566-9000  
(866) 702-3587  
[www.gardencitygroup.com](http://www.gardencitygroup.com)

Inquiries, other than requests for the forms of Notice and Proof of Claim, may be made to

Lead Counsel:

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| Gregory M. Castaldo, Esq.<br>Kay E. Sickles, Esq.<br>Schiffrein & Barroway, LLP<br>280 King of Prussia Road<br>Radnor, PA 19087<br>Telephone: (610) 667-7706 |
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To participate in the Settlement, you must submit a Proof of Claim no later than \_\_\_\_\_, 2006. As more fully described in the Notice, the deadline for submitting objections and exclusions is \_\_\_\_\_, 2006.

Further information may also be obtained by directing your inquiry in writing to the Claims Administrator, The Garden City Group at the address listed above.

By Order of The Court